

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF EAST KENTUCKY )	
POWER COOPERATIVE, INC. FOR )	
AUTHORITY TO BORROW FUNDS FROM )	
THE NATIONAL RURAL UTILITIES )	CASE NO. 9113
COOPERATIVE FINANCE CORPORATION )	
NOT TO EXCEED \$8,530,000 )	

O R D E R

On July 27, 1984, East Kentucky Power Cooperative, Inc., ("East Kentucky") filed its application, and on August 9, 1984, its amended application (both hereinafter referred to as "application"), with the Commission seeking authority to borrow an amount not to exceed \$8,530,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC"). The purpose of the loan is to finance certain transmission system construction and improvements as more fully set out in the application and the exhibits filed therewith.

The CFC loan is to be made concurrently, and in conjunction with, an \$18,908,000 insured loan from the Rural Electrification Administration ("REA"). Approval of loans to rural electric cooperatives administered by REA is not required since the Commission has determined that it has no jurisdiction over such loans. The CFC loan, over which the Commission has retained jurisdiction, has a fixed interest rate of 11.25 percent until December 31, 1991, after which time the interest rate may be

adjusted by CFC in accordance with its cost of money. The note to be issued by East Kentucky will have a maturity of 35 years and the loan is subject to the terms and conditions contained in the exhibits which are attached to and made a part of the application.

The facilities to be constructed with these funds consist of various transmission tap lines, distribution substations and certain improvements to East Kentucky's transmission system as detailed in Exhibit D of the application. East Kentucky has previously been granted certificates of convenience and necessity for some of these facilities which are being, or will soon be, constructed. East Kentucky used existing funds to finance the construction of these facilities pending approval of the subject loans from CFC and REA and it intends to reimburse such funds from the proceeds of those loans. The remainder of the facilities are considered to be ordinary extensions of existing systems in the normal course of business for which certificates of convenience and necessity are not required.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. East Kentucky's proposed borrowing is for lawful objects within the corporate purposes of the utility, is necessary, appropriate, and consistent with the proper performance by the utility of its service to the public, will not impair its ability to perform that service and is reasonably necessary and appropriate for such purposes.

2. The facilities to be financed for which certificates of convenience and necessity have not yet been sought are considered

to be ordinary extensions of existing systems in the normal course of business.

IT IS THEREFORE ORDERED that East Kentucky be and it is hereby authorized to borrow a sum not to exceed \$8,530,000 from the National Rural Utilities Cooperative Finance Corporation in accordance with the terms and conditions described in its application.

IT IS FURTHER ORDERED that East Kentucky is hereby authorized to execute and issue notes and mortgages, in forms substantially the same as those included in the application, as security for the aforementioned loan.

IT IS FURTHER ORDERED that the proceeds of the borrowing authorized herein shall be used only for the lawful objects as set out in the application.

IT IS FURTHER ORDERED that East Kentucky has no obligation or requirement to seek certificates of convenience and necessity for those facilities described in the application for which certificates have not yet been sought.

IT IS FURTHER ORDERED that East Kentucky shall, as soon as reasonably possible, file with the Commission copies of the notes and mortgages authorized herein, as executed.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 27th day of August, 1984.

PUBLIC SERVICE COMMISSION

Richard D. I. Iwanoff  
Chairman

Robert L. Iwanoff  
Vice Chairman

Jim Iwanoff  
Commissioner

ATTEST:

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Secretary